



COVID-19 Paycheck Protection Program

Key Provisions

The Paycheck Protection Program (PPP) and loan forgiveness are intended to provide economic relief to small businesses nationwide.

The last day to apply and receive a loan is **June 30, 2020**.

Loans guaranteed under PPP will be 100 percent guaranteed by Small Business Association (SBA), and the full principal amount of the loans may qualify for loan forgiveness.

These loans are ***first come, first served***.

Lenders will rely on specified documents provided by the borrower to determine qualifying loan amount and eligibility for loan forgiveness.

Who is Eligible for the PPP?

Businesses with 500 or fewer employees (whose principal place of residence is in the US), or a business that operates in a certain industry and meets the applicable SBA employee-based size standards for that industry.

Businesses who were in operation on Feb. 15, 2020 and either had employees who received salaries and payroll taxes or paid independent contractors, as reported on a form 1099-MISC

Individuals who operate under a sole proprietorship or an independent contractor or eligible self-employed individual, and were in operation on Feb. 15, 2020.

Once I am eligible, how much can I borrow?

The maximum loan amount is **\$10 million** or an amount that you will calculate using a payroll-based formula.

How do I calculate the maximum amount I can borrow?

1. (+) Add up Payroll costs from the last 12 months (principal place of residence U.S.)
2. (-) Subtract any compensation paid to an employee over \$100,000/year and/or any amounts paid to independent contractors or sole proprietorship over \$100,000/year.
3. ($\div 12$) Calculate average monthly payroll costs.
4. ($\times 2.5$) Multiply the average monthly payroll costs by 2.5
5. (+) Add the outstanding amount of an Economic Injury Disaster Loan made between Jan. 31st 2020 and April 3, 2020. (If you have any)

What qualifies as payroll costs?

- Employee Salaries
- Employee Wages
- Employees Commissions
- Cash tips or equivalent (based on records of past tips)
- Payment for Vacation
- Parental Leave
- Family Leave
- Medical Leave
- Sick Leave
- Allowance for Separation or Dismissal
- Employee benefits such as group health care coverage, insurance premiums and Retirement.
- State and Local taxes on compensation
- Independent Contractor or sole proprietor - wage, commissions, income or net earnings from self-employment or similar compensation

What is Excluded from payroll costs?

- Compensation for employee whose principal place of residence is outside of US.
- Compensation of an individual employee in excess of an annual salary of \$100,000
- Federal taxes withheld
- Qualified sick and family leave wages (this credit is allowed under Families First Coronavirus Response Act)

Do independent contractors count as employees?

No. They have the ability to apply for their own PPP.

Can my PPP loan be forgiven in whole or part?

Yes. The amount of loan forgiveness can be up to the full principal amount of the loan and any interest accrued. Borrowers will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes and compensation levels are maintained.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

To get full loan forgiveness - 75% of the loan must be used for direct payroll costs.

How do I apply?

Borrower must Submit SBA Form 2483 (Paycheck Protection Program Application Form) and payroll documentation. →

<https://www.sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf>

Lender must submit SBA Form 2484 (Paycheck Protection Program Lender's Application for 7(a) Loan Guaranty) electronically.

How can PPP loans be used?

- Payroll costs
- Costs related to the continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance premiums.
- Mortgage interest payments (not prepayments or principal payments)
- Rent Payments
- Utility Payments
- Interest Payments on any other debt obligations that were incurred before Feb. 15, 2020
- Refinancing an SBA EIDL loan made between Jan. 31, 2020 and April 3, 2020.

******75% must be used for payroll***